

Learning and Skills Council

PHOTO REDACTED DUE TO THIRD PARTY RIGHTS OR OTHER LEGAL ISSUES

Needs Assessment of the Post-16 Population in Essex Annex to the Local Strategic Plan 2002-05

Essex

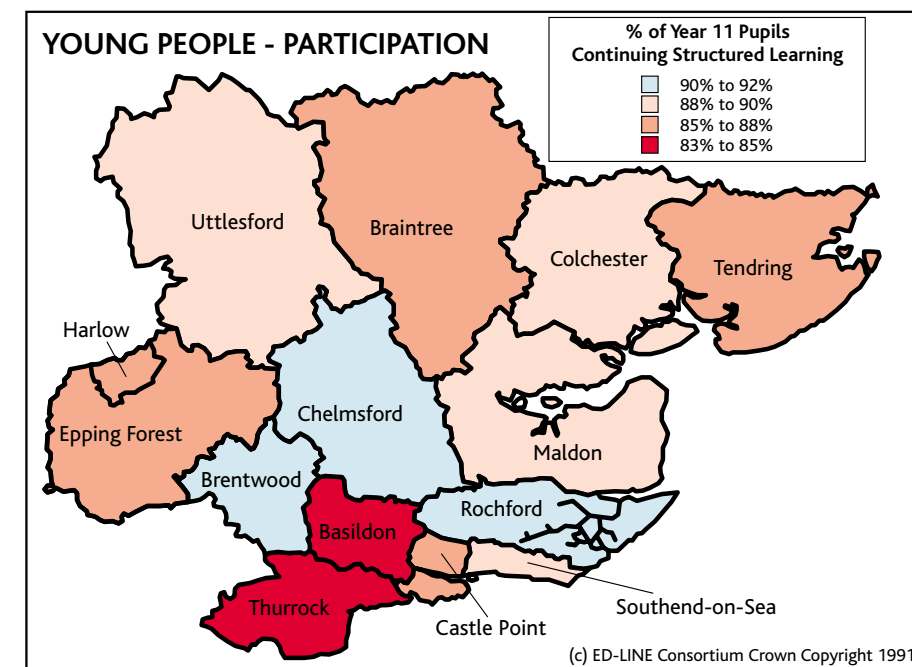


> Needs Assessment of the Post-16 Population in Essex

In order to make an effective impact upon the post-16 learning market in Essex, the Learning and Skills Council, Essex (LSC), must understand the needs of its post-16 population, and not just the needs in aggregate but disaggregated down to sub-group and sub-regions. A summary of our understanding of these needs is presented below.

Young People – Participation

The participation rate for 16 to 18 year olds in Essex is estimated to be 73%. Alternative measures of participation indicate that there are notable differences in participation rates across the 14 local authority districts and unitary authorities of Essex, and this is illustrated in the map below.



Source: ECBP, 2000

The above map shows the percentage of Year 11 pupils expecting to continue structured learning (at school/college or in work-based or other training) in 2000. Brentwood and Rochford had the highest percentage of Year 11 pupils expecting to continue to structured learning in 2000, with 92%, whilst Thurrock had the lowest with 83%.

The reasons for such differences in participation rates vary from sub-region to sub-region, for example approximately 5% of Year 11 pupils in Braintree and Harlow entered employment without training, which would suggest that focusing on work-based learning could raise participation levels. Whilst in Thurrock approximately 10% of Year 11 pupils were "not settled", suggesting that further Information, Advice and Guidance (IAG) might raise participation in the area.

Encouraging Year 11 pupils to continue structured learning is one way of raising participation, another way is ensuring that they remain in structured learning throughout the duration of their course. Retention is therefore a key issue if participation rates are to be raised. As with participation, retention rates vary across sub-regions and providers, for example the retention rate for 16 to 18 year old LSC funded students in FE Colleges in Essex ranges from 79% to 96%, and the reasons for these differences need further investigation.

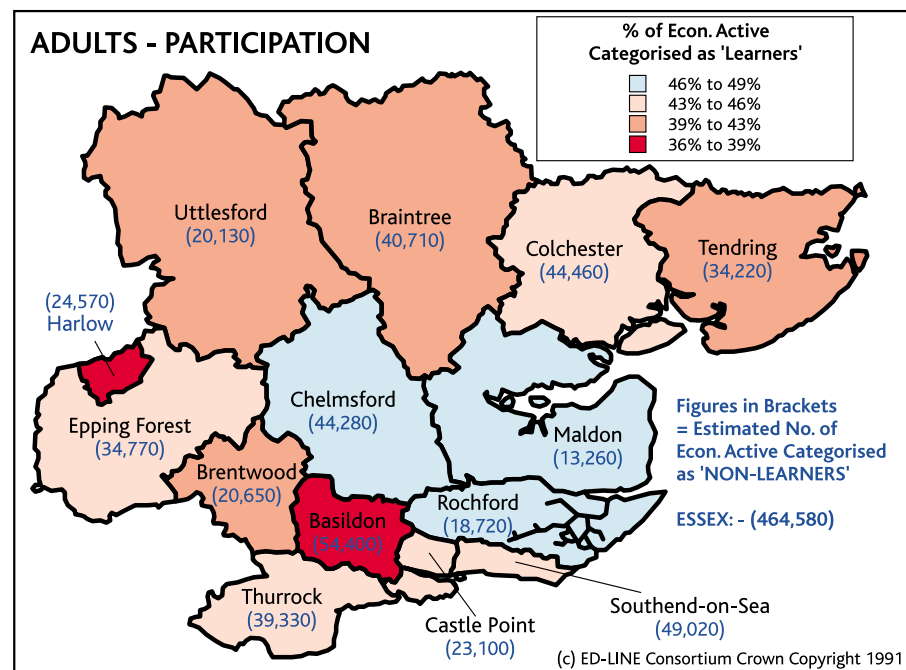
Young People – Achievement

Approximately 52% of 15 year old pupils (2000/2001) in Essex achieved a Level 2 qualification (GCSE or GNVQ equivalent of 5 or more A-C grades). Whilst an estimated 76% of Essex's 19 year old population is educated to Level 2, and an estimated 45% of Essex's 19 year old population is educated to Level 3.

Achievement rates vary across sub-regions and providers, for example the achievement rates for 16 to 19 year old LSC funded students in FE Colleges in Essex range from 62% to 98% for Level 2 and 67% to 94% for Level 3.

Adults – Participation

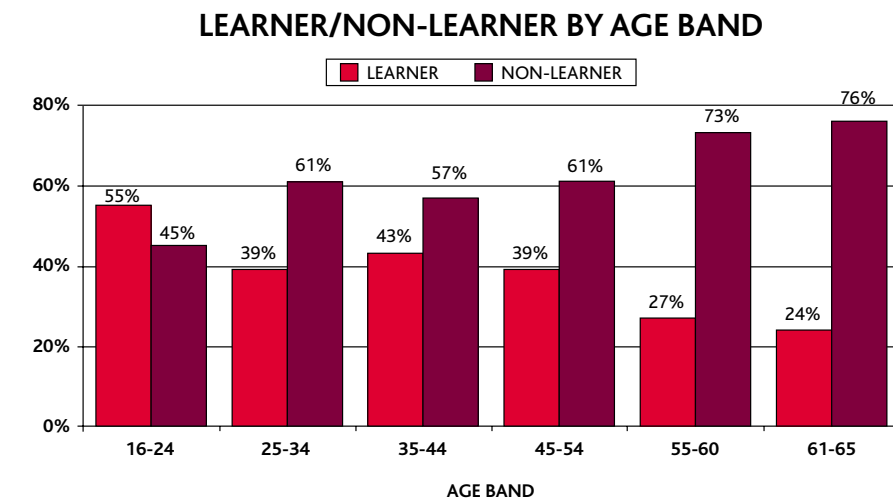
An estimated 43% of Essex's economically active population are "Learners" i.e. they participated in either education or training in the 12 months prior to being interviewed (Household Survey, 2000). Participation rates (as defined by the number of "Learners") vary considerably across Essex's sub-regions, and this is demonstrated in the map below.



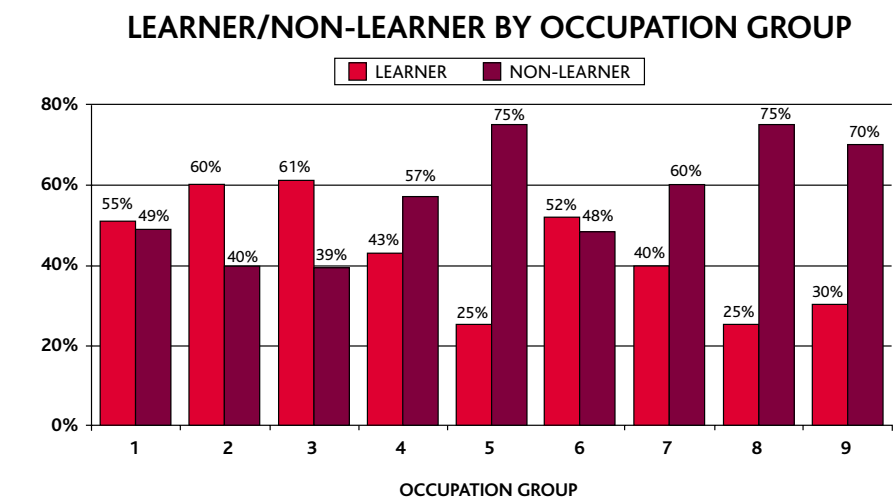
Source: Household Survey, 2000

Occupation and age also plays a part in determining participation rates. An estimated 65% of Essex's workforce aged between 45 to 65 are "Non-Learners", while 52% of

Essex's workforce aged between 19 to 24 are "Non-Learners". The relationship between age and participation is illustrated in the chart below.



Source: Household Survey, 2000



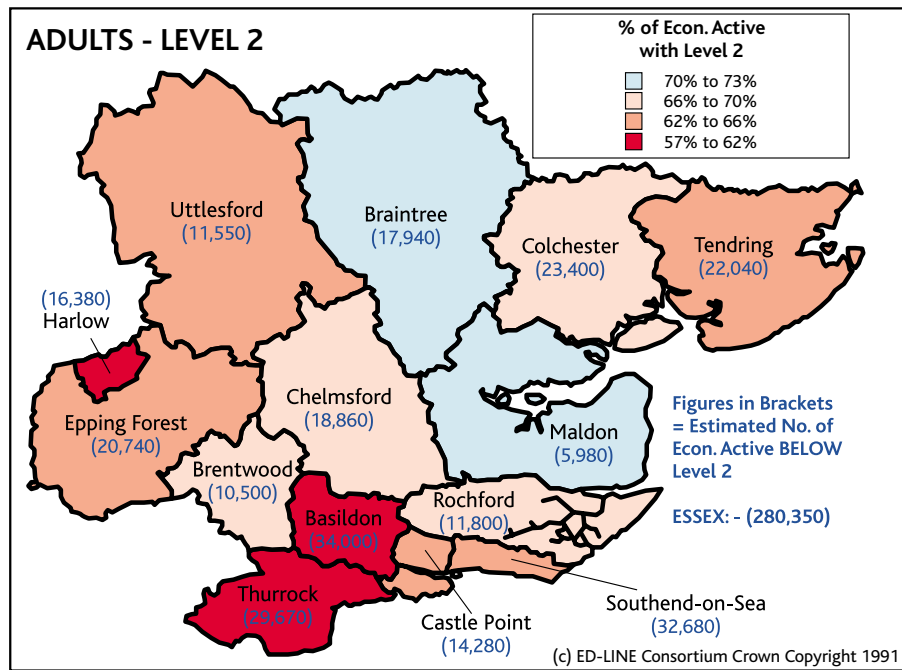
Source: Household Survey, 2000

- | | |
|--|--------------------------------------|
| 1 = Managers and Administrators | 6 = Personal and Protective Services |
| 2 = Professional Occupations | 7 = Sales Occupations |
| 3 = Associate Professional and Technical | 8 = Plant and Machine Operatives |
| 4 = Clerical and Secretarial | 9 = Other Unskilled Occupations |
| 5 = Crafts and Related Occupations | |

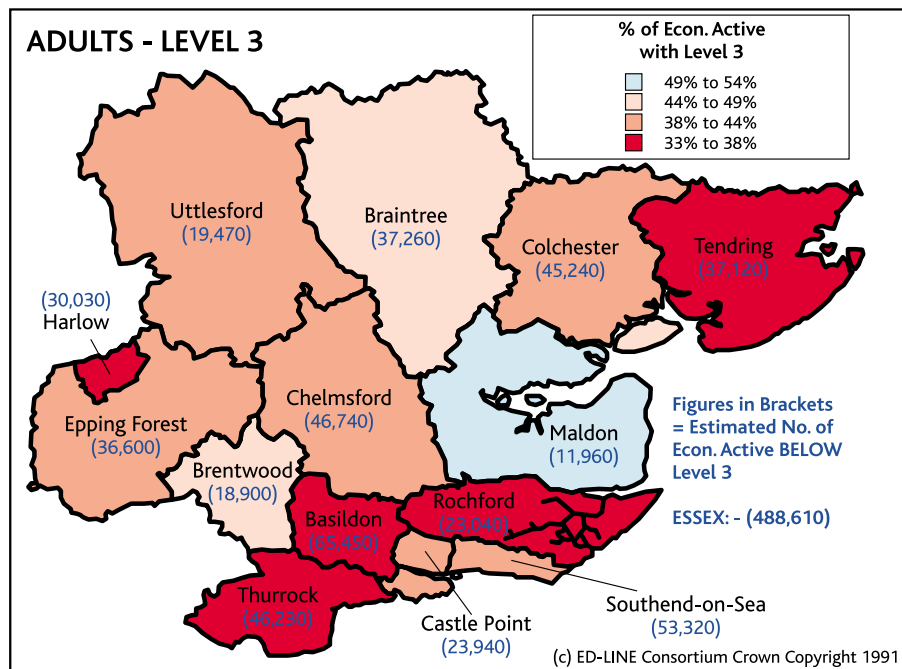
Participation rates also vary significantly across occupational groups. An estimated 75% of people employed in plant and machine operative occupations are "Non-Learners", this compares to an estimated 40% of people employed in professional or associate professional occupation in Essex.

Adult – Achievement

An estimated 280,000 economically active people in Essex are educated below Level 2, whilst an estimated 488,000 are educated below Level 3. The variation in qualification levels across Essex's sub-regions is illustrated in the two maps below.

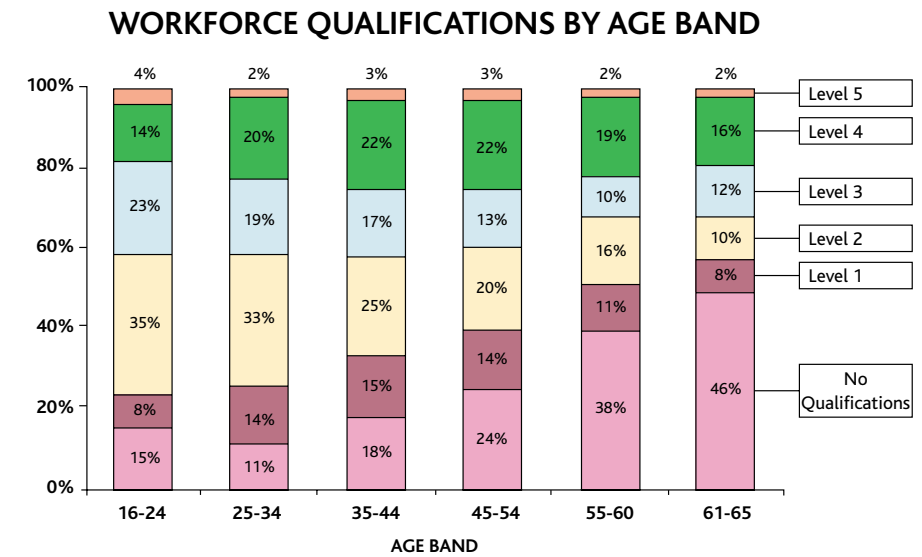


Source: Household Survey, 2000



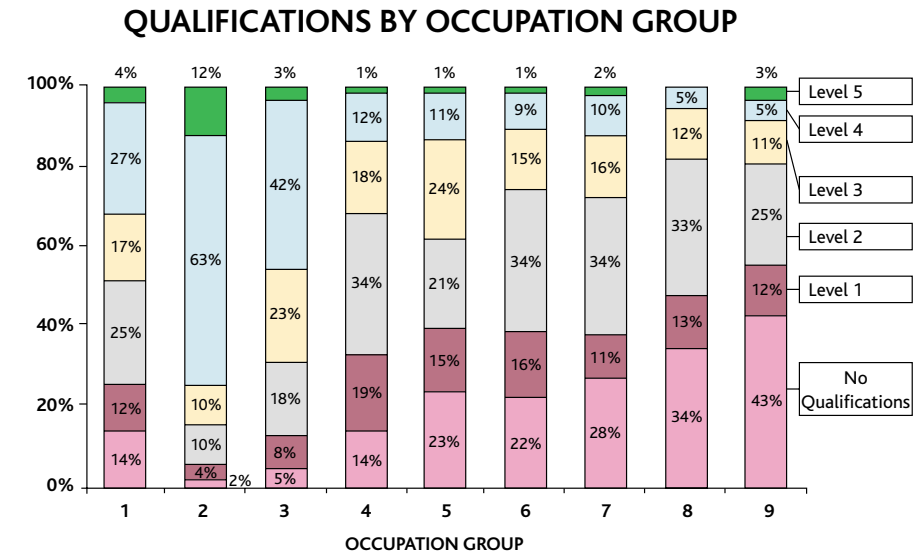
Source: Household Survey, 2000

As with participation, there is a strong relationship between qualification levels and age and occupation. An estimated 29% of Essex's workforce aged between 45 to 65 have no qualifications, this compares to an estimated 13% of those aged between 16 to 34. This relationship between age and qualification levels is illustrated in the chart below.



Source: Household Survey, 2000

The relationship between qualifications and occupation group is shown below.



Source: Household Survey, 2000

- | | |
|--|--------------------------------------|
| 1 = Managers and Administrators | 6 = Personal and Protective Services |
| 2 = Professional Occupations | 7 = Sales Occupations |
| 3 = Associate Professional and Technical | 8 = Plant and Machine Operatives |
| 4 = Clerical and Secretarial | 9 = Other Unskilled Occupations |
| 5 = Crafts and Related Occupations | |

> Needs Assessment of Employers in Essex

Business Profile

There are approximately 62,000 employers in Essex, the vast majority of which employ 10 people or less (85% of businesses). The distribution of businesses by sub-region and size is illustrated in the table below.

District/Size Band	No. of Businesses by Size Band and Sub-Region			
	1 to 10	11 to 24	25 to 99	100+
Basildon	5017 (84%)	604 (10%)	298 (5%)	78 (1%)
Braintree	4517 (87%)	399 (8%)	244 (5%)	58 (1%)
Brentwood	2935 (88%)	228 (7%)	129 (4%)	46 (1%)
Castle Point	2576 (89%)	189 (7%)	100 (3%)	27 (1%)
Chelmsford	5322 (85%)	527 (8%)	327 (5%)	98 (2%)
Colchester	5199 (84%)	593 (10%)	329 (5%)	87 (1%)
Epping Forest	4801 (89%)	356 (7%)	174 (3%)	40 (1%)
Harlow	1782 (79%)	274 (12%)	151 (7%)	63 (3%)
Maldon	2420 (89%)	192 (7%)	104* (4%)	
Rochford	2513 (88%)	206 (7%)	122 (4%)	25 (1%)
Southend-on-Sea	5331 (85%)	549 (9%)	338 (5%)	79 (1%)
Tendring	3541 (86%)	342 (8%)	210 (5%)	27 (1%)
Thurrock	3305 (79%)	462 (11%)	345 (8%)	82 (2%)
Uttlesford	3558 (88%)	282 (7%)	158 (4%)	33 (1%)
Essex	52817 (85%)	5203 (8%)	3012 (5%)	760 (1%)

*Size bands merged due to suppression of figures. Source: ONS, Annual Business Inquiry, 1999

The two tables that follow show how businesses are distributed across the main sectors in Essex by share of employment and share of number of businesses.

Main Sectors in Essex by Share of Employment			
1. Retail Trade	13.1%	9. Land Transport	2.8%
2. Health and Social Work	9.2%	10. Recreational/Cultural	2.5%
3. Other Business Activities	8.5%	11. Motor Vehicle Trade	2.3%
4. Education	8.4%	12. Post and Telecommunications	2.1%
5. Hotels and Restaurants	6.7%	13. Financial Intermediation	2.1%
6. Wholesale Trade	5.6%	14. Publishing and Printing	2.0%
7. Construction	4.8%	15. Auxilliary Transport	1.9%
8. Public Administration	4.4%	All Other Sectors	23.5%

Source: ONS, Annual Business Inquiry, 1999. Total Number of Employees = 564,862

Main Sectors in Essex by Share of Total No. of Businesses			
1. Other Business Activities	14.4%	9. Other Service Activities	3.6%
2. Construction	13.1%	10. Education	3.2%
3. Retail Trade	12.0%	11. Real Estate Activities	3.2%
4. Computing	6.5%	12. Recreational/Cultural	3.0%
5. Wholesale Trade	6.3%	13. Land Transport	2.9%
6. Hotels and Restaurants	5.5%	14. Publishing and Printing	1.7%
7. Motor Vehicle Trade	4.3%	15. Manu. Fabricated Metal Products	1.6%
8. Health and Social Work	4.0%	All Other Sectors	14.7%

Source: ONS, Annual Business Inquiry, 1999. Total Number of Businesses = 61,792

Forecasts

Employment in Essex is forecast to increase by 3% from 2000 to 2005; this is equivalent to an estimated 23,200 employees. Many of these additional jobs will be created in the top five growth sub-sectors detailed in the table below.

Top Five Employment GROWTH Sub-Sectors in Essex (2000-2005)			
Sub-Sector	By %	Sub-Sector	By Absolute
Other Financial and Business Services	+ 15%	Business Services	+ 6,490
Hotels and Restaurants	+ 14%	Retailing	+ 4,970
Other Quarrying/Extraction	+ 13%	Construction	+ 4,940
Communications	+ 11%	Hotels and Restaurants	+ 4,220
Business Services	+ 9%	Other Financial and Business Services	+ 3,920

Source: Business Strategies

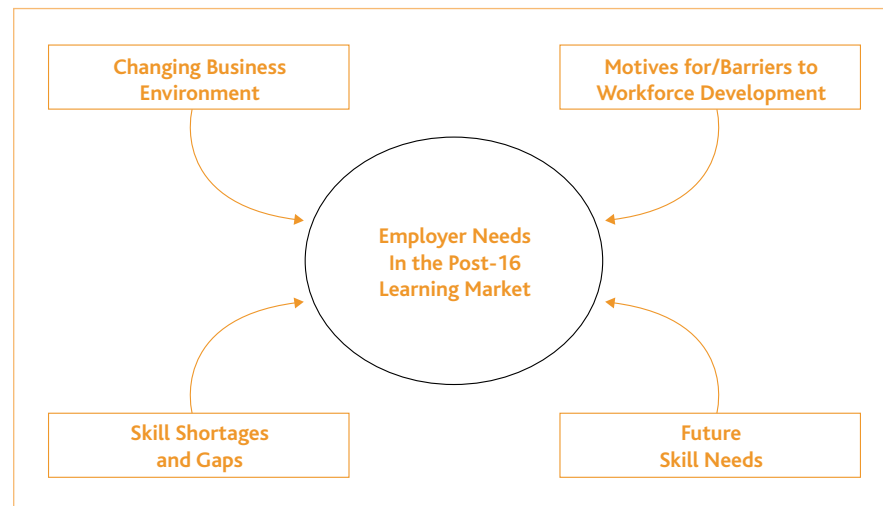
Employment in 14 out of Essex's 30 sub-sectors is forecast to decline by 2005. The combined loss of employment in these 14 sectors is estimated to be 8,870 employees by 2005.

Top Five DECLINING Sub-Sectors in Essex (2000-2005)			
Sub-Sector	By %	Sub-Sector	By Absolute
Textiles and Clothing	- 44%	Agriculture, Forestry and Fishing	- 1,630
Other Manufacturing	- 26%	Public Admin. and Defence	- 1,470
Chemicals	- 17%	Other Manufacturing	- 1,420
Agriculture, Forestry and Fishing	- 15%	Textiles and Clothing	- 1,120
Food, Drink and Tobacco	- 10%	Gas, Electricity and Water	- 600

Source: Business Strategies

Needs of Employers in the Post-16 Learning Market

The conceptual model below captures some of the major factors that determine the needs of employers in the post-16 learning market in Essex. A summary of our understanding of the current position in Essex for each of these determining factors follows.



Changing Business Environment

An estimated 80% of businesses in Essex experienced a "major change" in the past 3 years, and a breakdown of this is provided in the table below.

"Major Change" Experienced by Businesses in the Last 3 Years	% of Businesses Experiencing Major Change	% of Responses
Introduction of one or more major new products or services	38%	14%
New legislation or regulations brought to bear	56%	20%
A major change in the demands which existing clients place on your organisation	25%	9%
Entered new markets or gained new clients with different demand on your organisation	32%	11%
One or more major clients lost	26%	9%
New technology introduced	53%	19%
New process introduced	26%	9%
A major organisation change – change of ownership or restructuring for example	22%	8%
Any other major change	4%	1%

Source: LSC Essex, Employer Survey, 2001

Of those businesses in Essex experiencing a "major change", over 50% said this impacted upon their workforce, and this equates to an estimated 24,000 businesses in Essex.

The most common "major change" to have an impact upon a business' workforce was the introduction of new technology with 43% of businesses giving this as an answer. This was followed by "new legislation or regulations", with 38% and "entered new markets or gained new clients" with 29%. The breakdown of the type of impact this "major change" made upon the businesses' workforce is given in the table below.

Impact upon Workforce of "Major Change"	% of Businesses In Which "Major Change" Impacted upon Workforce	% of Responses
More staff taken on	40%	17%
Staffing levels reduced	29%	12%
Changes in working practices such as the introduction of cell working or multi-tasking	30%	13%
Working hours or shift patterns revised	18%	8%
Wages and salary structure revised	33%	14%
Balance of occupations within the workforce changed	32%	14%
The nature or levels of skills needed at the establishment changed	40%	17%
Other impact	11%	5%

Source: LSC Essex, Employer Survey, 2001

It is clear from the above evidence that businesses operate in a dynamic environment, with a number of changing pressures placed upon them. It is also clear that this impacts upon their workforce, with implications for current and future skill needs.

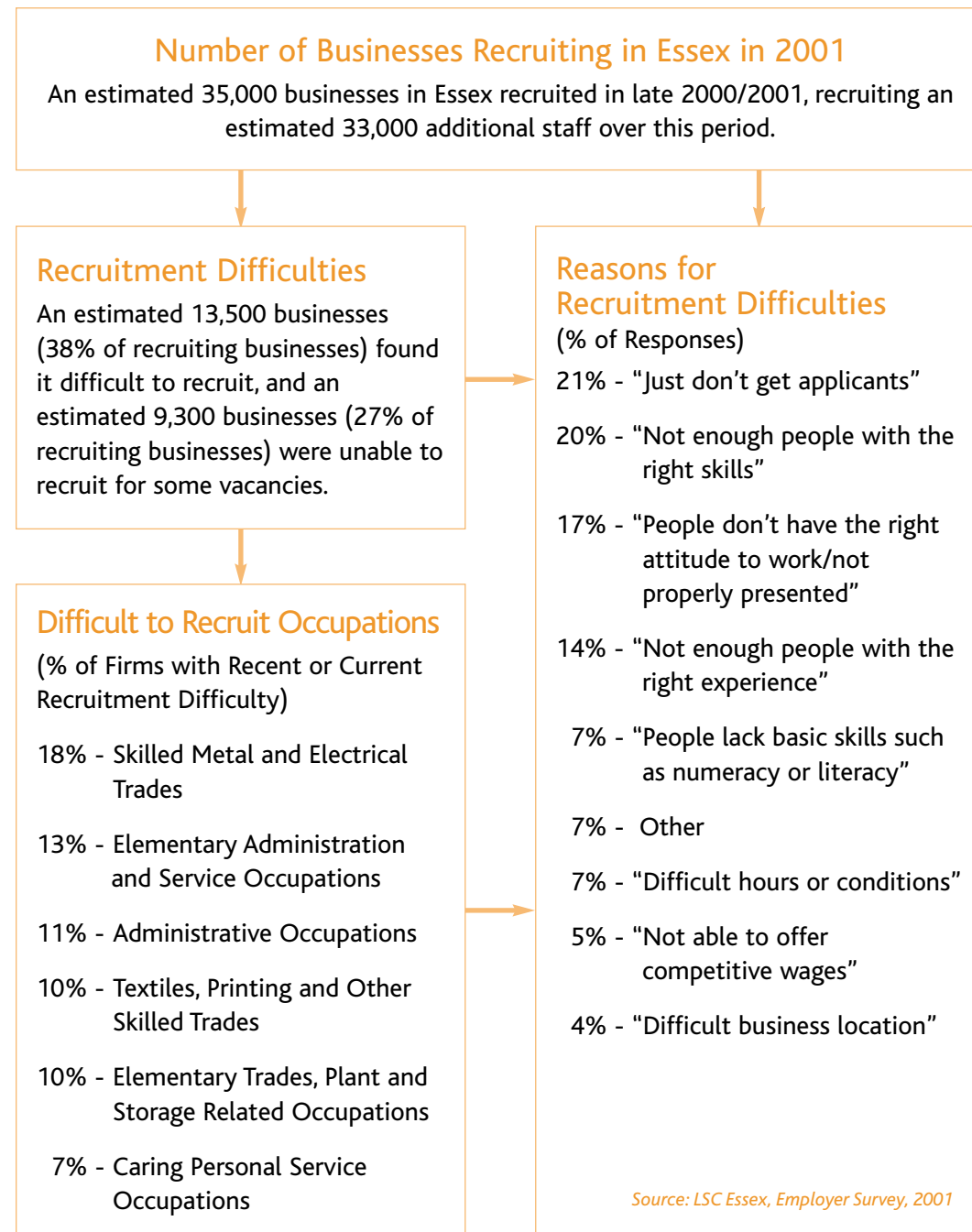
The table below also shows that this dynamic environment is expected to continue in Essex, with 65% of businesses in Essex expecting to experience a "major change" in the next 3 years.

Expected "Major Change" in the Next 3 Years	% of Businesses Expecting a "Major Change" in Next 3 Yrs	% of Responses
Introduction of one or more major new products or services	44%	17%
New legislation or regulations brought to bear	52%	20%
A major change in the demands which existing clients place on your organisation	28%	11%
Entered new markets or gained new clients with different demand on your organisation	43%	17%
One or more major clients lost	13%	5%
New technology introduced	52%	20%
New process introduced	-	-
A major organisation change – change of ownership or restructuring for example	26%	10%
Any other major change	3%	1%

Source: LSC Essex, Employer Survey, 2001

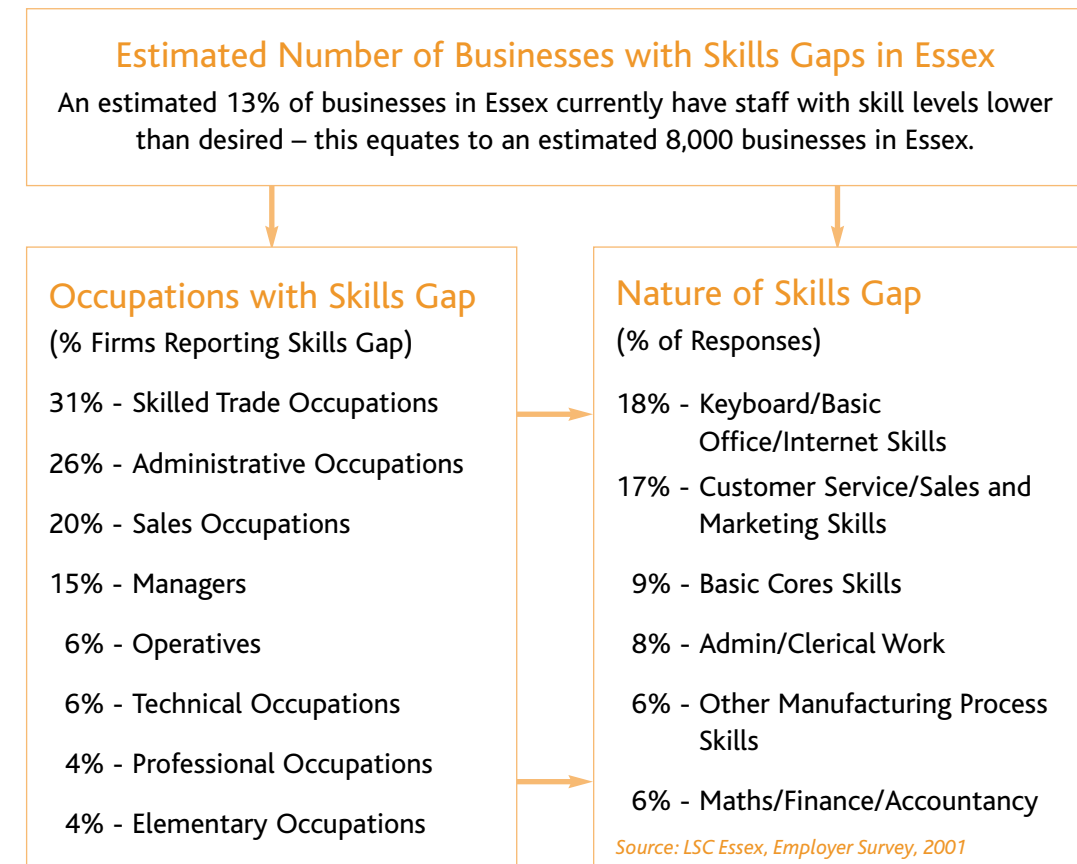
Skill Shortages and Gaps

The diagram below gives some indication of the extent of skill shortages in Essex.



It is interesting to note that in the list of reasons for recruitment difficulties, skills and personal attributes are prominent when compared to wages and conditions. Expanding workforce development activities is clearly therefore one way to address recruitment difficulties in Essex.

The diagram below gives some indication of the extent of skill gaps in Essex.



The percentage of businesses reporting a skills gap in 2001 is similar to that for previous years, based on the evidence from previous surveys. The nature of skills gaps is also similar, with information technology communications (ITC) skills featuring prominently in previous surveys as does customer care and sales skills.

At face value, the estimated 13% of businesses in Essex with a skills gap may not appear to be too important an issue for the performance of Essex's economy, given the small share of businesses with skills gaps. However, this 13% may be a significant underestimate of the real extent of skills gaps across businesses in Essex. Over 50% of businesses in Essex do not formally assess the skills of their staff in the light of current businesses needs, and these businesses account for over 50% of employment in Essex.

Motives for/barriers to Workforce Development

An estimated 64% of businesses in Essex either trained or enabled the training of their staff in late 2000/2001. An estimated 245,000 employees within these businesses received training, with an estimated 60,000 receiving a formal qualification.

Understanding the reasons why businesses train will assist the LSC in its efforts to encourage businesses in Essex to undertake further workforce development, and some of these reasons are listed in the table below.

Reasons for Training/ Most Important Reason for Training	% of Businesses Supporting Training	Most Important Reason
"We train as and when we acquire new equipment or software"	76%	11%
"We train as and when new legislation or regulations come into force"	80%	7%
"We sometimes train people who particularly ask for training"	58%	-
"We train to reward staff for loyalty or to encourage loyalty"	42%	-
"We train because we couldn't recruit staff if training or professional development wasn't part of the package"	25%	-
"We train new recruits to get them into our specific ways of doing things"	75%	12%
"We train new recruits because they often don't have the level of skills we need and need to be trained up"	70%	11%
"We train because the organisation sees training as an important or fundamental factor in maintaining performance and profitability"	82%	26%
"We train because it's necessary to do so to stay competitive with other businesses which also supply our markets"	70%	11%
"We train because we feel we have a responsibility to maintain skill levels in our industry"	72%	5%
"We train because we feel we have a social responsibility to do so"	49%	2%
Other Reason	12%	6%
Don't Know/Unable to Identify	-	8%

Source: LSC Essex, Employer Survey, 2001

It is encouraging to see from the above that businesses believe that there is a relationship between training and the competitive performance of their business, and this is a factor the LSC can capitalise on.

It is interesting to note from the evidence in the table, that businesses do not necessarily see training/workforce development as part of the remuneration or retention package offered to existing or potential employees. The question is, what are the implications for those employees who wish to receive training in addition to that offered by their employer?

Further evidence casts some light on businesses in Essex's view on supporting what they regard as "non job-related training" amongst their employees. An estimated 38% of businesses in Essex would "not at all" be willing to support members of staff who want to develop skills or knowledge not directly related to their job. Whilst 11% said that they are "not very willing", a further 14% said they "might do/depends". Whilst 12% said they are "willing", and a further 12% said they are "very willing" to support non job-related training.

Of those businesses who said they would not be willing to support "non job-related training", the majority gave the reason as "will not benefit business" (38%), whilst 28% said they were "unwilling for skills development to take place in worktime". Whilst for those businesses who might consider/be willing to support non job-related training, the majority of these businesses saw the advantage of this being "it enhances workforce skills" (50%), with an estimated 38% saying it "encouraged loyalty/satisfied workforce".

In addition to understanding the reasons why businesses in Essex undertake workforce development activities, the LSC also needs to understand businesses' barriers to extending workforce development activities, if we are to encourage further activity.

When asked for the LSC Essex Employer Survey (2001), what factors discouraged businesses from undertaking workforce development activities, the majority of businesses in Essex said "most staff are fully trained already". This reply corresponds with the results from previous Employer Surveys undertaken over the last few years.

The question is whether this training is sufficient or not. Not only from the perspective of the possible future skill needs of the business, but also from the wider perspective of improving the performance of the Essex economy. Answering this question will require further investigation.

That aside, further evidence suggests that cost, and the type of current training provision is a significant barrier. An estimated 31% of businesses believe "training courses cost too much money", whilst 17% believe "courses aren't provided in the modules we need", 13% that "courses are provided at the wrong times", and the latter point might partly explain why 36% of businesses said that they "can't spare staff time away from work".

Future Skill Needs

Planning for future skill needs is a complex and imprecise process. It is clear from the evidence above that a large share of businesses in Essex anticipate “major changes” to occur within the next 3 years, with a substantial number of these expecting these changes to impact upon their workforce, yet only an estimated 36% of businesses formally assess future skill needs.

One source of information that the LSC can employ in developing an understanding of likely future skill needs is forecasting models, and some of the results from our forecasting model are presented in the table below.

Top Five GROWTH Occupations in Essex (2000-2005)			
Occupation Group	By %	Occupation Group	By Absolute
Other Associate Professional Occupations	+ 12%	Other Sales Occupations	+ 5,000
Other Sales Occupations	+ 12%	Corporate Managers and Administrators	+ 4,900
Other Professional Occupations	+ 10%	Other Associate Professional Occupations	+ 4,500
Skilled Construction Trades	+ 9%	Personal Service Occupations	+ 2,600
Science and Eng. Associate Professionals	+ 8%	Clerical Occupations	+ 1,900

Source: Business Strategies

Considerable growth is expected within the associate and professional occupations, and this will place significant skill demands upon Essex’s workforce, particularly given that an estimated 85% of people employed in professional occupations are educated to Level 3 or above, whilst an estimated 68% of those employed in associate occupations are educated to Level 3 or above.

Notable employment growth in sales occupations is also expected, and this will also place additional skill demands upon Essex’s workforce, particularly in the light of evidence above which suggests that there already exists skill gaps within these occupations and there is the need for higher customer service and sales/marketing skills within these occupations.

> Likely Impact of the Activities of the LSC upon the Economy of Essex

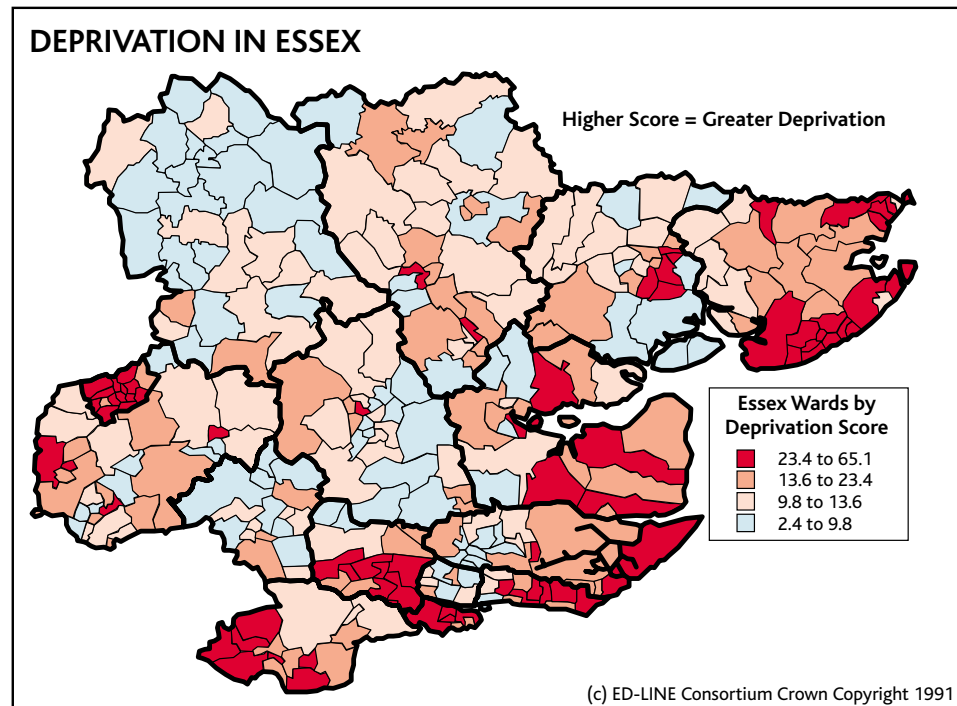
Central to our Local Strategic Plan 2002-05 are the LSC key tasks of:

- > Raising participation and achievement by young people
- > Increasing demand for learning by adults and equalise opportunities through better access to learning
- > Raise skill levels for national competitiveness
- > Improve the quality of education and training delivery
- > Improve effectiveness and efficiency

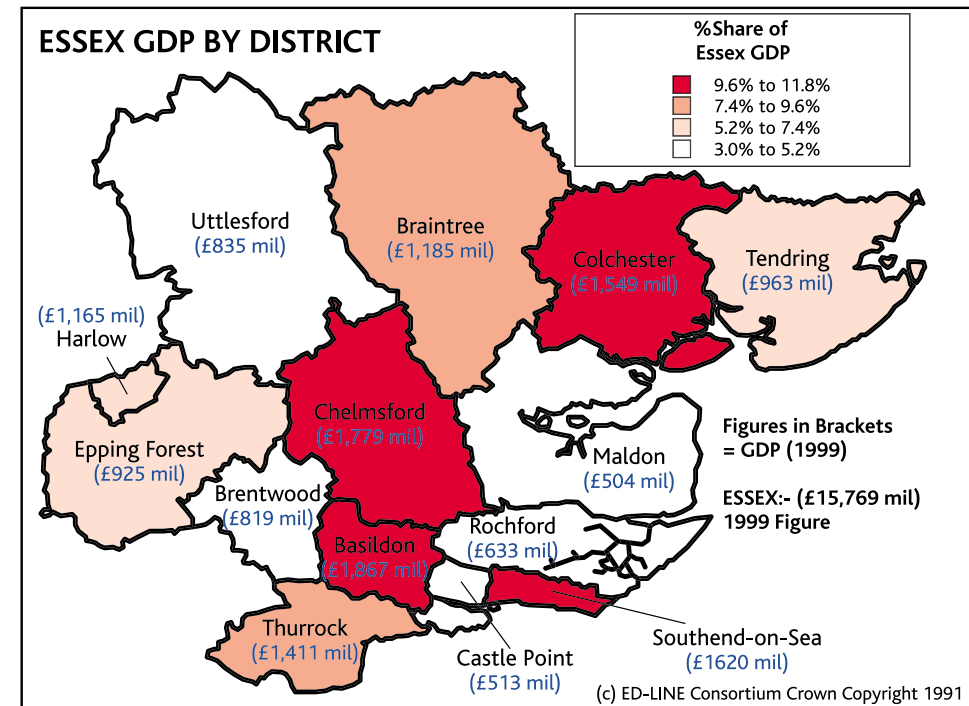
These key tasks are reflected in the Six Priorities and associated Strategic Objectives contained in the Local Strategic Plan 2002-05. By focusing our energies and resources on achieving the above key tasks we can potentially make a significant impact upon the economy of Essex.

Evidence from the recent “Skills in England 2001” report (Policy Research Institute, Leeds Metropolitan University) highlights the growing importance of higher skill levels to the UK’s future economic performance, and the relationship between higher skill levels and earnings, business performance and economic growth. The report also highlights England’s relative poor skill levels when compared to Organisation for Economic Co-operation and Development (OECD) nations. These findings are as true to Essex’s economy as they are to the nation’s, and therefore in achieving the key tasks outlined above skill levels in Essex will be raised and the economic rewards of this will follow.

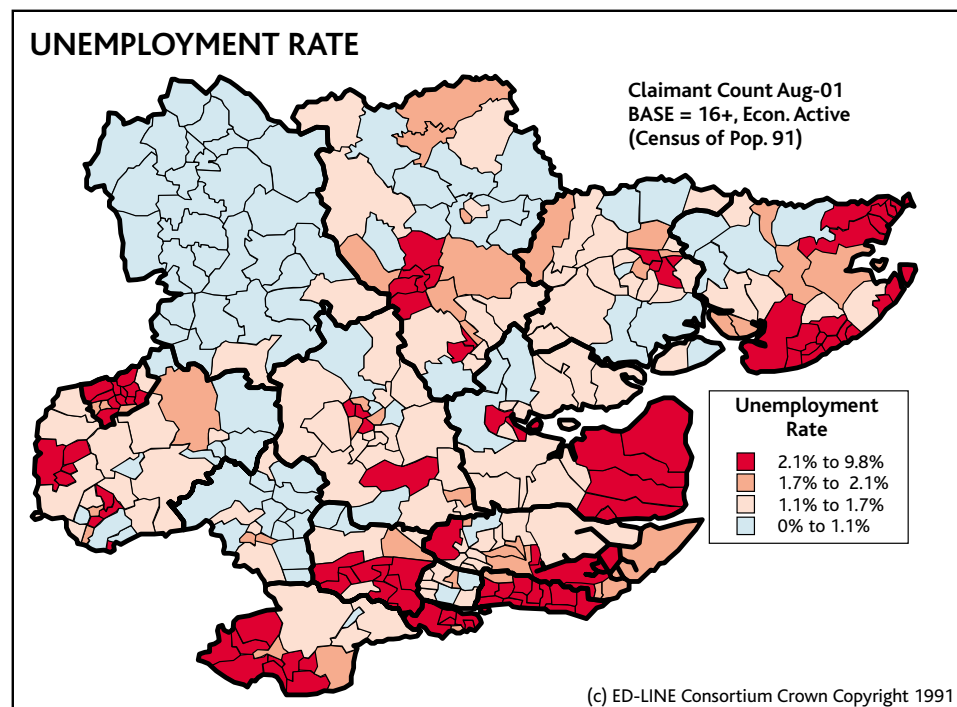
Achieving our key tasks will not only benefit the Essex economy and community in aggregate, it will also benefit specific priority groups through the targeting of our activities, with the aim of addressing some of the imbalances in skill levels and participation rates across Essex. This will also, in part, contribute to addressing wider socio-economic imbalances across Essex. Some of these socio-economic imbalances are illustrated in the two maps that follow, for deprivation and unemployment in Essex.



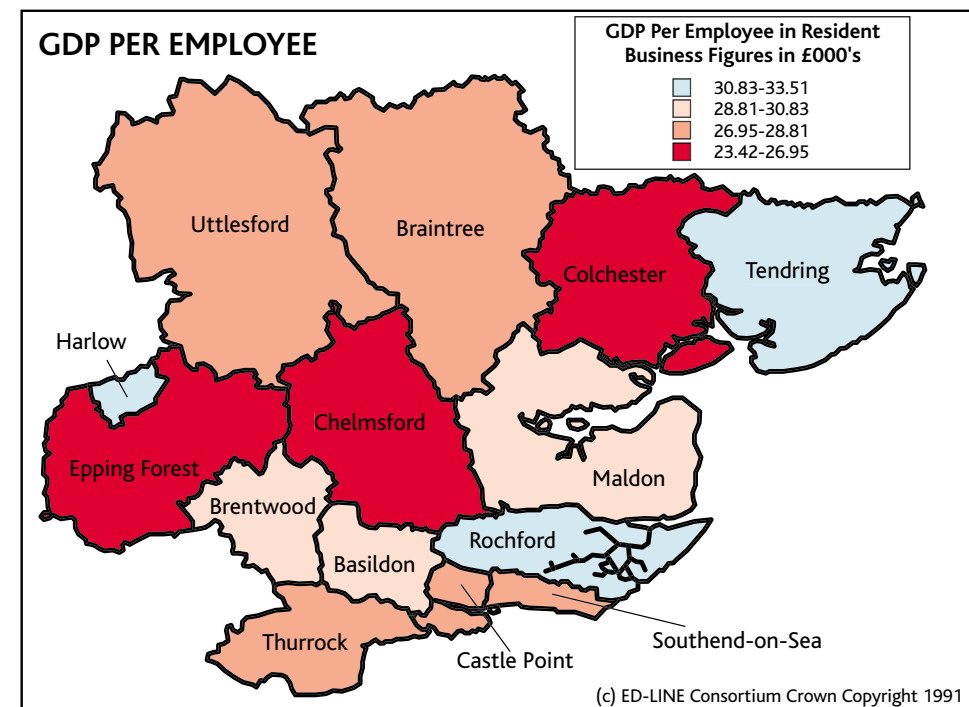
Source: Indices of Deprivation 2000, Department of Environment, Transport & The Regions (DETR).



Source: Business Strategies Limited



Source: Census of Population 1991 and the Office for National Statistics (ONS), claimant count (Aug. 01)



Source: Business Strategies Limited

Achieving our key tasks will also address some of the imbalances in sub-regional output, with the intention of raising levels across the board and also achieving greater increases in some of Essex's sub-regions with relatively low Gross Domestic Product (GDP) per employee figures. Some of these imbalances are illustrated in the two maps above.

GDP per employee in resident businesses is not necessarily a good indicator of a sub-regions wealth, as it doesn't take into consideration wealth that is generated by resident employees working in businesses outside the sub-region, and therefore the figures above should be treated with some caution when making comparisons with regard to wealth.

© LSC 2001. Published by the Learning and Skills Council.

Extracts from this publication may be reproduced for non-commercial educational or training purposes on condition that the source is acknowledged and the findings are not misrepresented.

If you would like further copies of the Corporate Plan please ring our helpdesk number on 0870 900 6800.

EE110/02



Learning+Skills Council
Essex